

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 EB-07 AID-05 CIAE-00 COME-00 FRB-01

INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06 SP-02

CIEP-02 LAB-04 SIL-01 OMB-01 AGRE-00 /068 W

-----122326Z 021218 /72-61

R 121619Z JAN 77

FM AMEMBASSY BRUSSELS

TO SECSTATE WASHDC 8785

INFO AMEMBASSY LUXEMBOURG

AMEMBASSY THE HAGUE

USMISSION OECD PARIS

UNCLAS BRUSSELS 0301

E.O. 11652:N/A

TAGS:ECON,BE

SUBJECT: REVISED BELGIAN GOVERNMENT MACROECONOMIC ESTIMATES FOR 1976-

77

1.THE MACROECONOMIC STUDIES DIVISION OF THE BELGIAN MINISTRY OF ECONOMIC AFFAIRS HAS JUST COMPLETED REVISION OF GROWTH ESTIMATES FOR 1976 AND PROJECTIONS FOR 1977.THE MAIN POINTS OF THE ANALYSIS, WHICH IS STRIKINGLY PESSIMISTIC ON PROSPECTS FOR THE NEXT 12 MONTHS,ARE AS FOLLOWS (MONEY FIGURES IN BILLIONS OF BF):

1976

ITEM	PERCENT INCREASE	PERCENT VOLUME	PERCENT INCREASE PRICES	TOTAL (BF)
GNP	2.9	8.7	2,594	
PRIVATE CONSUMPTION	3.5	8.0	1,555	
PUBLIC CONSUMPTION	4.4	10.4	452	
GROSS FIXED CAPITAL FORMATION	-0.6	8.1	540	

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EXPORTS (INCL.SERVICES/ CASH BASIS)	3.1	8.1	1,377
IMPORTS ("")	4.3	7.8	1,354
VALUE ADDED - INDUSTRY	5.0	8.0	762
VALUE ADDED - AGRICULTURE	-12.0	15.3	67

VALUE ADDED -

SERVICES	1.4	9.8	1,196
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PERCENT TOTAL INCREASE	TOTAL (BF)
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PRIVATE SECTOR WAGES

AND SOCIAL SECURITY	11.6	1,172
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BUSINESS PROFITS	10.0	19
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UNEMPLOYMENT RATE (PERCENT

OF TOTAL WORKS FORCE)	7.0
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1977

ITEM	PERCENT INCREASE VOLUME	PERCENT INCREASE PRICES	TOTAL (BF)
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GNP	1.7	8.1	2,854
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PRIVATE CONSUMPTION	2.5	6.7	1,700
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PUBLIC CONSUMPTION	2.7	9.3	507
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GROSS FIXED CAPITAL

FORMATION	3.6	10.7	619
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EXPORTS	2.7	8.6	1,535
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IMPORTS	4.6	8.4	1,535
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VALUE ADDED -

INDUSTRY	2.0	7.0	832
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VALUE ADDED -

AGRICULTURE	2.0	10.0	75
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VALUE ADDED -

SERVICES	-0.5	9.5	1,303
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PERCENT TOTAL INCREASE	TOTAL (BF)
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PRIVATE SECTOR WAGES

AND SOCIAL SECURITY	11.8	1,309
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BUSINESS PROFITS	14.0	21
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UNEMPLOYMENT RATE (PERCENT

OF TOTAL WORK FORCE)	7.9
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2.IN SHORT,ECONOMIC AFFAIRS PREDICTS FOR 1977 A SHARP DROP IN REAL GNP GROWTH,LIMITED PROGRESS AGAINST INFLATION,A SLOWING OF INDUSTRIAL COMPETITIVENESS,DETERIORATION OF THE TRADE ACCOUNT AND WORSENING UNEMPLOYMENT.THE ONLY COMPARATIVELY BRIGHT SPOTS ARE SOME IMPROVEMENT IN BUSINESS PROFITS AND AN UPTURN IN FIXED INVESTMENT (MOSTLY IN LABORSAVING EQUIPPENT,HOWEVER).REAL WAGE INCREASES ARE ALSO PROJECTED AS CONTINUING MODEST IN 1977 - ALTHOUGH THIS WILL ADVERSELY AFFECT THE RATE OF CONSUMER SPENDING.

3.THIS GLOOMY OUTLOOK IS NOT RPT NOT SHARED BY MOST OTHER ANALYSTS
OF THE BELGIAN ECONOMY,WHETHER ELSEWHERE IN THE GOVERNMENT,THE
OECD,THE CENTRAL BANK OR THE PRIVATE SECTOR.IMPROVED ECONOMIC
INDICATORS IN THE U.S. IN RECENT WEEKS AS WELL AS CONTINUED
STRONG EXPORT PERFORMANCE AT HOME HAVE CREATED MORE OPTIMISM
HERE ABOUT PROSPECTS FOR 1977 THAN ARE REFLECTED IN THE MINISTRY'S
PROJECTIONS.WHILE IT IS ASSUMED THAT BELGIUM WILL LAG SOMEWHAT
BEHIND RECOVERY IN THE LARGER OECD COUNTRIES,MOST ANALYSTS NOW
BELIEVE THAT AROUND A 3 PERCENT REAL GROWTH RATE IN GNP FOR THE YEAR
IS OBTAINABLE.
THE IMPLICATIONS OF THIS FOR PRICE PERFORMANCE AND UNEMPLOYMENT,
HOWEVER,REMAIN ANYONE'S GUESS.
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Message Attributes

Automatic Decaptioning: X
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Copy: SINGLE
Sent Date: 12-Jan-1977 12:00:00 am
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Disposition Approved on Date:
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Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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